

MICHIGAN FAMILY INDEPENDENCE AGENCY		Item 501	Page 1 of 4
Community Services Policy Manual	SUBJECT Community Services Block Grant:  <p style="text-align: center;"><b>CORRECTIVE ACTION - TERMINATION OR REDUCTION IN FUNDING</b></p>		•EFFECTIVE DATE 01/01/00 •END DATE N/A •ISSUE DATE 12/08/99

## ISSUANCES AFFECTED:

### REFERENCES

- The CSBG Act, P.L. 97-35 of 1981, as amended by the Coats Human Services Reauthorization Act of 1998
  - Section 676(b) State Application and Plan
  - Section 676(c) Funding Termination or Reductions
  - Section 678C. Corrective Action; Termination and Reduction of Funding
- PA 230 of 1981
- Community Action Program (CAP) Administrative Rules, R 400.19101—R 400.19606

## PURPOSE:

To establish policy and procedures for Corrective Action, Termination or Reduction in funding under the CSBG Program.

## BACKGROUND:

- Section 676(b)(8) of the Act requires that :

...any eligible entity in the State that received funding in the previous fiscal year through a community services block grant made under this subtitle will not have its funding terminated under this subtitle, or reduced below the proportional share of funding the entity received in the previous fiscal year unless, after providing notice and an opportunity for a hearing on the record, the State determines that **cause** exists for such termination or such reduction, subject to review by the Secretary as provided in section 678C(b).

**Note:** Michigan's definition of "eligible entity" is a community action agency (CAA).

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- Section 676(c) of the Act states that – For the purposes of making a determination in accordance with subsection (b)(8), with respect to:
  1. **A Funding Reduction -- the term ‘cause’ includes:**
    - a) a statewide redistribution of funds to respond to
      - the results of the most recently available census or other appropriate data;
      - the designation of a new eligible entity; or
      - severe economic dislocation; or
    - b) the failure of an eligible entity to comply with the terms of an agreement or a State plan, or to meet a State requirement, as described in section 678C(a).
  2. **A Termination -- the term ‘cause’ includes** the failure of an eligible entity to comply with the terms of an agreement or a State plan, or to meet a State requirement, as described in section 678C(a).
- Section 678C(a) of the Act requires that states follow specific steps when issuing Corrective Action or imposing a Reduction or Termination in funding. Those steps have been incorporated into the following policy. Note: A determination to terminate the designation or reduce the funding of a CAA is reviewable by the Secretary of the federal Department of Health and Human Services (HHS).

**POLICY:**

**A) Cause for a statewide redistribution of CSBG funds includes the state’s response to:**

1. The results of the most recently available census or other appropriate data;
2. The establishment of a new eligible entity; and
3. Severe economic dislocation.

**B) Pursuant to the CAP Administrative Rules (R 400.19408), cause for reducing the allocation to an agency or terminating funding to an agency includes the state’s response to:**

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1. The agency's governing board failure to exercise sufficient authority or leadership to ensure that FIA-administered funds are expended in accordance with applicable regulations, laws, or contractual obligations.
2. The agency's administrative leadership failure to demonstrate that it has the administrative knowledge and skills required to ensure that the agency's fiscal, personnel, program, or property management systems are adequate to support FIA-funded projects.
3. The agency's failure to properly account for FIA-administered funds and property.
4. The agency's lack of adequate general management systems to support FIA-funded programs.
5. The agency's demonstrated lack of capacity for effective service delivery of FIA-funded programs.
6. The agency having liabilities which significantly exceed its assets.
7. The agency filing for bankruptcy.
8. The agency's failure to make substantive improvement in problem areas identified in an audit or monitoring reports.
9. The agency's failure to meet performance objectives.[Pursuant to the Act, Section 678C(a).]

### C) Procedure:

If the state determines, on the basis of a final decision in a review pursuant to section 678B (Monitoring of Eligible Entities) of the Act, that a CAA has failed to comply with the terms of an agreement, or the State plan, to provide CSBG services or to meet appropriate standards, goals, and other requirements established by the State (see B above), FIA shall , pursuant to section 678C of the Act —

1. Inform the CAA of the deficiency to be corrected;
2. Require the CAA to correct the deficiency;

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3.
  - a) Offer training and technical assistance, if appropriate, to help correct the deficiency, and prepare and submit to the Secretary of HHS a report describing the training and technical assistance offered; or
  - b) If FIA determines that such training and technical assistance are not appropriate, prepare and submit to the Secretary of HHS a report stating the reasons for this determination;
4.
  - a) At the discretion of FIA (taking into account the seriousness of the deficiency and the time reasonably required to correct the deficiency), allow the CAA to develop and implement, within 60 days after being informed of the deficiency, a quality improvement plan to correct such deficiency within a reasonable period of time, as determined by FIA; and
  - b) Not later than 30 days after receiving from the CAA a proposed quality improvement plan pursuant to subparagraph a), either approve such proposed plan or specify the reasons why the proposed plan cannot be approved; and
5. After providing adequate notice and an opportunity for a hearing, initiate proceedings to terminate the designation of or reduce the CSBG funding of the CAA unless the entity corrects the deficiency.

#### **D) Review:**

Pursuant to Section 678C, a determination to terminate the designation or reduce the funding of a CAA is reviewable by the Secretary of HHS. The Secretary shall, upon request, review such determination. The review shall be completed not later than 90 days after the Secretary receives from FIA all necessary documentation relating to the determination to terminate the designation or reduce the funding. If the review is not completed within 90 days, the determination of FIA shall become final at the end of the 90<sup>th</sup> day.

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## ISSUANCES AFFECTED:

REFERENCES      Federal Register, Volume 69, No. 30, Pages 7335-7338, February 13, 2004 - Department of Health and Human Services Annual Update of the HHS Poverty Guidelines

## BACKGROUND:

Section 673(2) of the Coats Human Services Reauthorization Act of 1998 requires the use of poverty income guidelines as eligibility criteria for the CSBG program. The annual update of the U.S. Department of Health and Human Services poverty guidelines was published on February 13, 2004, in the Federal Register, Volume 69, No. 30, Pages 7335-7338

## POLICY:

CAAs will determine their own policies, based on local decisions, of what specific assistance/services will be provided to their clients. They will also determine the type, financial limitations and the frequency of any direct monetary services provided as well as any non-income related eligibility criteria.

The following services are not allowed with CSBG funds:

- The purchase or improvement of land or the purchase, construction or permanent improvement of any building or other facility.

**Note:** Assistance with a delinquent mortgage or property tax payment is allowable. A permanent improvement to a home, such as installing a different furnace system (e.g., from electric to gas) or making a change to the inside or outside structure of the home, is not allowed. Contact your FIA grant manager if you are uncertain about the allowability of a specific service.

- Any activities to provide clients (voters or prospective voters) with transportation to the polls or provide similar assistance in connection with an election. This includes transportation for voter registration.

Use the 125% of poverty income guidelines to determine eligibility for services provided with CSBG funds. Income refers to total cash receipts before taxes from all sources, for all household members, for the past 12 months. **NOTE:** A household is all persons occupying a housing unit, regardless of whether they are related.

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## **Income Guidelines**

Please refer to CSPM Item 208 for current poverty income guidelines.

## **Income Includes**

1. Money, wages and salaries before any deductions.
2. Net receipts from nonfarm or farm self-employment (receipts from a person's own business or from an owned or rented farm after deductions for business or farm expenses).
3. Regular payments from the Social Security Administration (gross benefits, including any Medicare premium), railroad retirement, unemployment compensation, strike benefits from union funds, worker's compensation, veteran's payments, public assistance (including Family Independence Program-FIP, Supplemental Security Income-SSI, and State Disability Assistance-SDA), training stipends, alimony, child support, and military family allotments.
4. Private pensions, government employee pensions (including military retirement pay), and regular insurance or annuity payments.
5. College or university scholarships, grants, fellowships and assistantships.
6. Dividends, interest, net rental income, net royalties, periodic receipts from estates or trusts, and net gambling or lottery winnings.
7. Any lump sum payments received by Native Americans, such as from Casino income or other tribal income.

## **Income Excludes**

1. Capital gains.
2. Any assets resulting from withdrawals from a bank; or the sale of property, a house or a car.
3. Tax refunds, gifts, loans, lump sum inheritances, one time insurance payments or compensation for injury.

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4. Noncash benefits such as employer or union paid portion of health insurance, or other employee fringe benefits; food or housing received in lieu of wages; the value of food and fuel produced and consumed on farms; the imputed value of rent from owner-occupied nonfarm or farm housing; and federal noncash benefit programs such as Medicare (Medicare premium payments are **not** excluded), Medicaid, food stamps (including cash received in lieu of food stamps), school lunches and housing assistance.
5. Income earned through employment by a child who is age 18 and under, **and** attends school. **NOTE:** "Earnings" do not include program benefits such as Social Security, Supplemental Security Income, etc.; these **are** included in the total household income.

### **Income Computations**

Determine the household's **ACTUAL INCOME** for the 12-month period preceding the date of application. For example: This process should include working from year-to-date wage income documentation, current and prior monthly benefit documentation, W-2s or income tax returns for prior year income, and, **as a last resort**, self declarations. **All income**, including SSI, FIP, SDA and Child Support benefits/payments, must be included and documented. There is no automatic eligibility for CSBG services.

See the attached SAMPLE form (**Attachment A**) for documenting income for 12 months.

**Note:** Documented ongoing benefits, such as Social Security, Supplemental Security Income (SSI), Family Independence Program (FIP), State Disability Assistance (SDA), etc., or pension/retirement benefits, **may be multiplied by the relevant number of months received.**

**ONLY** in cases when it would place undue hardship on the client to document income for the preceding 12 months, may the household's income be **ANNUALIZED** based on the 90 days or 13 weeks preceding the date of application. Income documentation for 90 days/13 weeks is annualized by multiplying it by 4. **The computed ANNUALIZED income figure must fairly represent the income received in the preceding 12 months.** If it is not a fair representation, the household's income should not be annualized and the client should self-declare, to the best of their ability, the missing income information. Whenever a client's income is annualized, a statement must be included in the file explaining why this method was used.

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**Note:** An income source should not be annualized when there are periods in the past 12 months when the household member did not receive or earn income from that source.

**Note:** Determining eligibility for emergency services **for Migrant and Seasonal Farm Worker households:** Since the income for these households is normally received from several intermittent sources, annualizing income will seldom fairly represent the income received in the preceding 12 months. Therefore, agencies should document the preceding 12 months' income using a combination of sources such as: tax returns/W-2s, year-to-date check stubs, benefit statements, self-declarations, etc. It is not acceptable to use the general practice of "annualizing" income for these households.

W-2s and income tax returns may be used as **sole** income documentation only for applications taken from **January 1 through January 31** of the following year. For applications taken after January 31, W-2s and tax returns may only be used in combination with other current year income documentation to determine eligibility. In these instances, the W-2s and tax returns can provide a basis for determining/computing income for the relevant months in the prior calendar year.

See the attached examples (**Attachment B**) for how to compute income using these source documents.

### **Documentation of Income**

Income must be thoroughly documented. The following items are acceptable documentation:

- Copies of paychecks or pay stubs;
- Written statements from employers;
- Letters, benefit statements, or other documents from income sources, e.g., FIA, Social Security, VA;
- Unemployment Compensation Benefit check stubs;
- If self-employed, accounting and other business records showing net income;



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- W-2 statements and tax forms. They will seldom be adequate by themselves, since they usually report a period ending well in advance of the date of application. Note: An exception may be made for the self-employed, since tax records are a convenient source of information about their income. However, they should be used in conjunction with a self-declaration.
- If income is annualized, a statement must be included in the file explaining why this method was used.
- A signed self-declaration of the applicant, but only as a last resort;
- Other documents the program operator has reason to believe will **fully verify** the annual or annualized income of the applicant.

### **Timeframe between Eligibility Determination and Service Provided**

The allowable timeframes between eligibility determination and provision of specific assistance/services which have a direct monetary value attached (such as: payment on behalf of the client for delinquent bills, lodging, repair services, medical services, etc. or **vouchers** for food, clothing, furniture, equipment, etc.) are as follows:

- Services should be provided within 30 days of eligibility determination.
- If the service, or additional services, are provided after 30 days - but within 6 months/180 days - of eligibility determination, the agency must document that the client is still income-eligible for each service.

If the client states that there has been no significant change in the household income status, the agency may take a signed, and dated, self-declaration from the client documenting that "there has been no significant change in the household income status since the date of the initial service application." The self-declaration should be maintained in the client file with the client application, income documentation and documentation of benefit provided.

- Eligibility must be redetermined and a new application taken (including receipt of the required income documentation) for any direct monetary service to be provided after 6 months/180 days of the original eligibility determination.

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These requirements do not apply to “**ongoing services**” provided by the agency where eligibility for a program/project is determined at the beginning of the program/project period (e.g., senior transportation, housekeeping or snow removal; on-site day/after school care; etc.).

### **Client File**

Agencies must maintain a client file for all recipients of CSBG services. At a minimum, the file must include:

- A copy of the agency’s client services application. The application must identify each member of the household as well as income sources and amounts for each member of the household being served. The client and the intake worker must sign the application.
- A copy of all documents used to determine income eligibility; including self-declarations and documented phone conversations (**with names, dates, etc.**) with public case workers.
- **All** calculations for each income source for the prior 12 months as well as the total income for the client household.
- The type and dollar value, of the benefits provided.

**REFERENCE: CSPM Item 502**  
**Income Computations – SAMPLE Form**

Applicant Name: \_\_\_\_\_ S.S. # \_\_\_\_\_

Household Size: \_\_\_\_\_ Income Threshold: 125% of Poverty \$ \_\_\_\_\_

Provide the previous 12 months of income for each Household Member – Show each income source separately and attach all income source documents.

Name	Income Source & Document	Date From	Date To	Amount

Eligible: Yes No

TOTAL Income for the past 12 months \$ \_\_\_\_\_

Describe any special circumstances relevant to the income calculations including identifying periods and conditions when there was no household income.

I hereby attest that the above information is true and correct to the best of my ability and understand that giving false or incomplete information can result in referral to the prosecuting attorney for fraud and/or recovery of any benefit provided on my behalf.

Applicant Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Agency Representative Signature: \_\_\_\_\_ Date: \_\_\_\_\_

**REFERENCE: CSPM Item 502**  
**Income Computations – Using W-2s and Tax Returns**

W-2s and income tax returns may be used as **sole** income documentation only for applications taken from **January 1 through January 31** of the following year. For applications taken after January 31, W-2s and tax returns may only be used in combination with other current year income documentation to determine eligibility. In these instances, the W-2s and tax returns can provide a basis for determining/computing income for the relevant months in the prior calendar year.

**EXAMPLE: Using W-2s or Income Tax Returns to Compute Income for the Relevant Months in the Prior Calendar Year**

**Situation:** A client applies for services during the 1<sup>st</sup> week of July and provides a prior year tax return or W-2 to document receiving income in the prior calendar year.

Following are 2 examples showing how to compute the relevant prior year's income using information from these source documents.

**Example 1.** The client indicates that the household received income regularly throughout the prior calendar year.

The intake worker would use the following method for computing income for the months of July—December (6 months of income): Divide the total income reported by 12 to determine an average monthly amount and multiply that amount by 6. **If the client agreed that the resulting amount fairly represented their income for the period of July—December**, this amount can be used for the prior year income period. **Note:** Current year income documentation must be used to determine the income earned/received for January—June.

**Example 2.** The client indicates that they had income for the months of Jan—June and October—December, but had no income for the months of July—September. Received income for 9 out of 12 months. **Note:** This information must be included in the client file as it is relevant to the income computations.

The intake worker would use the following method for computing income for the months of July—December (3 months of income): Divide the total income reported by 9 to determine an average monthly amount and multiply that amount by 3. **If the client agreed that the resulting amount fairly represented income for the period of July—December**, this amount can be used for the prior year income period. **Note:** Current year income documentation must be used to determine the income earned/received for January—June.

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<b>Community Services Policy Manual</b>	SUBJECT Community Services Block Grant:  <b>PROGRAMMATIC REPORTING</b>		EFFECTIVE DATE 10-01-97 END DATE

## **ISSUANCES AFFECTED:**

REFERENCES                      Community Services Block Grant Agreement

   Community Services Block Grant Planning Instructions

   Section 683(a)(1) of the Community Services Block Grant Act, as amended.

## **BACKGROUND:**

Reports will be required to fulfill federal CSBG reporting requirements and to satisfy state and local management needs.

The Community Services Block Grant Agreement, Section II, G, requires the submission of programmatic reports.

## **POLICY:**

The Grantee is required to complete the following programmatic report. See Item 202 for forms.

CSBG Program Progress Report, FIA-1077.

This report incorporates the Grantee's Work Program Part II, FIA-1064, as an attachment. The Grantee will indicate, on the FIA-1064, the actual number of units of service and persons served for each planned activity included in the Work Program.

The Grantee will submit the report semiannually. A six-month report will be due within 30 days following March 31 and a 12-month annual report will be due within 30 days following September 30. One report with an original signature and one copy will be submitted to:

Family Independence Agency  
Grand Tower, Suite 1313  
P.O. Box 30037  
235 South Grand Avenue  
Lansing, Michigan 48909

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Community Services Policy Manual	SUBJECT Community Services Block Grant: <b>GOALS AND MEASURES REPORTING</b>		EFFECTIVE DATE <b>01-01-97</b> END DATE

**ISSUANCES AFFECTED:** A. REFERENCES Community Services Block Grant Planning Instructions

Section 683(a)(1) of the Community Services Block Grant Act, as amended.

Communications from the CSBG Task Force on Monitoring and Assessment concerning the National Goals and Outcome Measures

B. RESCISSIONS None.

**BACKGROUND:** Reports will be required to fulfill federal CSBG reporting requirements and to satisfy state and local management needs.

**POLICY:** Forms and instructions to be developed at a later date.

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Community Services Policy Manual	SUBJECT Community Services Block Grant:  <b>REFERRING CUSTODIAL PARENTS TO CHILD SUPPORT SERVICES</b>		<b>•EFFECTIVE DATE</b> 01/01/00 <b>•END DATE</b> N/A <b>•ISSUE DATE</b> 12/08/99

### ISSUANCES AFFECTED:

- REFERENCES
- The CSBG Act, P.L. 97-35 of 1981, as amended by the Coats Human Services Reauthorization Act of 1998
  - The CSBG 5-Year Master Agreement as amended 10/01/99
  - Annual CSBG Agreement

RESCISSIONS          none

### PURPOSE:

To provide guidelines regarding the CSBG requirement to inform and refer custodial parents to child support services.

### BACKGROUND:

The CSBG Reauthorization requires that each eligible entity shall: (1) inform custodial parents in single-parent families that participate in programs, activities or services carried out or provided with CSBG funds about the availability of child support services; and (2) refer eligible parents to the child support offices of State and local governments.

In this regard, the amended Master Agreement and the CSBG Agreement state:

Custodial parents in single-parent families that participate in programs, activities or services carried out or provided for with these funds, must be informed about and referred to the child support offices of State and local governments.

### POLICY:

CAAs shall inform and refer custodial parents who are not receiving child support to local child support offices/services.

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To assist CAAs in fulfilling this requirement, FIA is providing copies of the enclosed FIA Publication 748, “**Michigan Child Support Services and You**”, for distribution to custodial parents who are not receiving child support. Provision of this booklet to the custodial parent, along with the address of the local FIA Child Support office, and/or the local Prosecuting Attorney’s Office or Friend of the Court, will fulfill the information and referral requirement.

**PUBLICATION FIA-748:**

Additional copies of “**Michigan Child Support Services and You**” (English & Spanish version), can be ordered directly from FIA-Office Services Division at no charge by using the attached order form. **Note:** Other Office of Child Support publications included on the form are also available at no charge.

Enclosure: “Michigan Child Support Services and You”  
 Attachment: Office of Child Support - Publication Order List

cc: Christine Eychas, Office of Child Support





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Community Services Policy Manual	SUBJECT Community Services Block Grant:  <b>UNEXPENDED FUNDS – CARRY-FORWARD POLICY</b>		<b>EFFECTIVE DATE</b> 05/08/00  <b>END DATE</b>   <b>ISSUE DATE</b> 05/08/00

## ISSUANCES AFFECTED:

REFERENCES                      The CSBG Act, P.L. 97-35 of 1981, as amended by the Coats Human Services Reauthorization Act of 1998: Sec. 675C.(a), (3) Recapture and Redistribution of Unobligated Funds

## PURPOSE:

To provide policy regarding the carry forward of unobligated/unexpended CSBG funds that are allocated to community action agencies (CAAs) by formula.

## BACKGROUND

Sec. 675C.(a), (3) “Recapture and Redistribution of Unobligated Funds” provides that a state may recapture funds, distributed to an eligible entity through a grant, that are unobligated/unexpended at the end of a fiscal year if such funds exceed 20 percent of the amount distributed to the entity for that fiscal year. It also allows the state to redistribute the recaptured funds to other eligible entities.

## POLICY:

Unexpended funds within 20% of an agency’s annual allocation (allocation includes any discretionary funds allocated to an agency to bring its funding up to a minimum level) will be returned to the CAA for carry forward. **For Example:** An agency must spend 100% of any carry-in, plus 100% of any recaptured and redistributed funds, plus a minimum of 80% of their annual allocation to be eligible to carry forward unexpended funds.

Unexpended funds exceeding 20% will be recaptured and redistributed as noted below. This policy takes effect beginning with FY2000 unexpended funds.

**Note:** This policy does not apply to discretionary funds allocated to agencies for T/TA activities; unexpended T/TA funds may not be carried forward.

1. The amount of funds to be recaptured will be determined based on the fiscal year’s **final** September 30 Statement of Expenditures report. Final reports must be submitted no later than December 31.

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2. Recaptured funds will be distributed during the 2<sup>nd</sup> quarter of the following fiscal year when the fiscal year's final allocations are made (based on receipt of the final state allotment from HHS) and allowable carry-forward is returned to the agencies.
  
3. Recaptured funds will be distributed as follows:
  - **Recaptured funds totaling less than \$20,000:** Such funds will be added to the final amount identified each fiscal year to be distributed to all agencies by formula. The regular funding allocation formula will then be applied to the total funds to be distributed and the resulting amounts will become the formula allocations for that fiscal year.
  
  - **Recaptured funds totaling \$20,001—\$200,000:** Such funds will be distributed equally to agencies who have spent 100% of their prior year's allocation, carry-in, and any recaptured funds.
  
  - **Recaptured funds exceeding \$200,000:** FIA will determine a distribution formula to include agencies who spent between 90—100% of their prior year's allocation, 100% of their carry-in, and 100% of any recaptured funds.

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Community Services Policy Manual	SUBJECT: COMMUNITY ACTION AGENCY BOARD <b>WAIVER OF BOARD MEMBER SERVICE LIMITS</b>		EFFECTIVE DATE 02/01/02 ISSUE DATE 02/01/02

## REFERENCES:

- Act 230 of Public Acts of 1981, being § 400.1101 *et seq.* of the Michigan Compiled Laws
- Act 230 Administrative Rules R 400.19101 *et seq.* Michigan Administrative Code
- Local agency by-laws

## PURPOSE:

To provide policy and procedures concerning waiver requests for extending the service time limitation for Community Action Agency board members.

## BACKGROUND:

Administrative Rule 411 provides:

“(5) An individual, other than a public official, shall not serve on a board for more than 5 consecutive years without a 1-year service break after the fifth year or for more than 10 years total, effective October 1, 1989. At the written request of a CAA, the bureau may grant a waiver to the 5 and 10-year service provision for individual board members based upon documentation of the board member’s contribution to his or her service area, participation in activities that benefit low-income people, effectiveness as a community leader, or other related factors as may be presented by the CAA that requests the waiver.

“(6) When a public sector representative of the board is no longer a public official, all previous years of service on the board shall count toward the 10-year maximum.”

## POLICY:

At the written request of a CAA, FIA may grant a waiver to the 1-year service break and the 10-year total service provision for individual board members based upon specific documentation presented by the CAA. Waiver requests may be for any period up to five years.

## Waiver Request Process

All waiver requests will be submitted in writing by the CAA Executive Director to their FIA Grant Manager. Request must be consistent with the agency by-laws and must contain the following information:

1. Documentation that the agency’s Board of Directors approves the request.
2. The member’s name and the sector the member represents.
3. Documentation supporting the waiver request, including:

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- the member's contribution(s) to his or her service area;
- board projects/activities that the member is currently involved in and for which their continuing involvement is critical;
- their participation in activities that benefit low-income people;
- their effectiveness as a community leader; or
- other related factors.

### **Waiver Limits**

Each written request will be evaluated based on the documentation of merits submitted in the request. Waivers may be granted for any period up to five years.